



DEPARTMENT OF FINANCE FY2022 SECOND QUARTER FINANCIAL STATUS REPORT

MARCH 2, 2022

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AGENDA

QUARTERLY REPORT OVERVIEW

GOVERNMENTAL FUNDS OVERVIEW

General Fund Revenues

General Fund Expenses

PROPRIETARY FUNDS OVERVIEW

Enterprise Funds

DEBT/INVESTMENT PORTFOLIOS





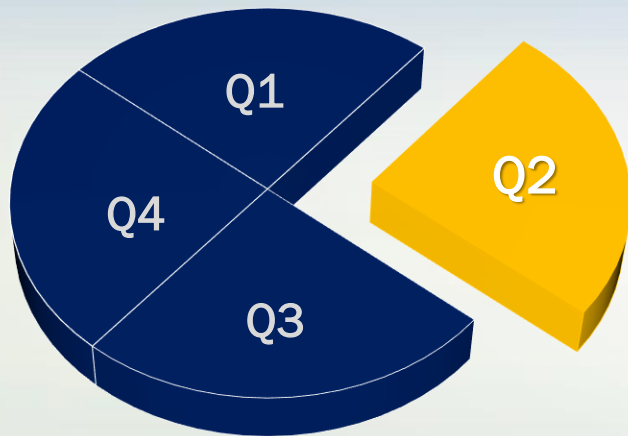
QUARTERLY FINANCIAL REPORT

FY2022 SECOND QUARTER FINANCIAL STATUS REPORT

As of December 31, 2021



Quarterly Financial Report



- Q2 Report covers the Second Quarter of FY 2022 (Jul - Dec 2021)
- Provides a summary analysis of the City of Atlanta's budget to actual performance
- Forecasts projected revenue and expenditure activity with explanations of variances
- Identifies and addresses significant issues that may impact year-end performance
- Accounts for legislative items adopted and foreseen during the second quarter.



GOVERNMENTAL FUNDS OVERVIEW

GENERAL FUND YEAR TO DATE – REVENUES VS EXPENSES

(Q2 2022)



SUMMARY OF KEY POINTS

Revenues

- Property Tax and Sales Tax are on track to significantly exceed the budget.
- Two highly sensitive COVID-impacted revenue categories are expected to return to pre-COVID levels:
 - Alcoholic beverage taxes
 - Fines and penalties
- Hotel/Motel taxes continue to rebound but are not yet expected to meet pre-COVID levels
- Licenses and permits revenue is driven by deferred license renewals from FY21 into FY22
- As of Q2, the year-end projected revenue surplus is \$72.6M or 11.2% of the operating revenue budget.

Expenses

- Three main expense categories are at risk of ending the year over budget:
 - Personnel and Employee Benefits
 - Purchased/Contracted Services
 - Supplies
- As of Q2, the year-end projected expense overrun associated with these risks is \$18.7M or 2.5% of the operating expense budget.

Early estimates predict a year-end surplus of \$53.9M excluding any pending reimbursements.

FY22 GENERAL FUND REVENUE PROJECTION

(Q2 2022)



| Revenue Category | FY22 Funded Budget | FY22 Actuals (Jul-Dec) | FY22 % Variance | Projected Revenues (Jan-Jun) | Total Projected Revenues (Year-End) | FY22 Variance (Year-End) | FY22 % Variance (Year-End) |
|--|--------------------------|------------------------------|-----------------------|------------------------------------|---|--------------------------------|----------------------------------|
| Property Taxes | 227,940,084 | 230,691,519 | 101.2% | 13,073,975 | 243,765,494 | 15,825,410 | 6.9% |
| Public Utility, Alcohol Beverage & Taxes | 100,264,630 | 58,116,132 | 58.0% | 53,345,331 | 111,461,463 | 11,196,833 | 11.2% |
| Local Option Sales Taxes | 112,895,712 | 68,366,837 | 60.6% | 64,000,000 | 132,366,837 | 19,471,125 | 17.2% |
| Licenses and Permits | 107,642,510 | 56,132,241 | 48.4% | 75,599,197 | 131,731,438 | 24,088,928 | 22.4% |
| Other Revenues | 13,191,961 | 411,367 | 0.6% | 6,607,835 | 7,019,202 | (6,172,759) | -46.8% |
| Charges For Services | 4,584,803 | 1,866,813 | 40.7% | 2,150,167 | 4,016,980 | (567,823) | -12.4% |
| Fines and Penalties | 6,131,091 | 7,832,205 | 127.7% | 8,113,112 | 15,945,317 | 9,814,226 | 160.1% |
| Building Rentals and Concessions | 5,370,027 | 2,712,973 | 50.5% | 2,569,051 | 5,282,023 | (88,004) | -1.6% |
| Indirect Cost Recovery | 35,780,446 | 14,478,308 | 40.5% | 14,478,306 | 28,956,614 | (6,823,832) | -19.1% |
| Hotel & Motel Tax | 12,018,090 | 7,628,727 | 63.5% | 10,389,363 | 18,018,090 | 6,000,000 | 49.9% |
| PILOT & Franchise Fees | 20,819,484 | 10,256,448 | 49.3% | 10,381,092 | 20,637,540 | (181,944) | -0.9% |
| Subtotal | 646,638,838 | 458,493,572 | 70.9% | 260,707,427 | 719,200,999 | 72,562,161 | 11.2% |
| Fund Balance (Bldg. Permit Fund) | 16,299,937 | - | - | - | 16,299,937 | - | - |
| Fund Balance (General Fund) | 33,450,000 | - | - | - | 33,450,000 | - | - |
| Federal Subsidies (General Fund) | 55,043,768 | - | - | - | 55,043,768 | - | - |
| Total Revenues | 751,432,543 | 458,493,572 | 61.0% | 365,501,132 | 823,994,704 | 72,562,161 | 9.7% |

The FY22 funded budget of \$751M includes a \$55M Federal Subsidy, \$33M from uncommitted fund balance, and \$16M from the Building Permit Fund Balance.

2nd Qtr. (Jul – Dec) actuals were \$458M, which represents 61% of the total budget and 70.9% of the operational budget.

Projections for the remaining six (6) months of the fiscal year (Jan – Jun) are \$261M. The resulting FY22 YE operational forecast of \$719M is \$72.6M or (11.2% increase) above the FY22 operational budget of \$647M.

General Fund revenues as of Q2 are projected to exceed the budget at year-end and can be attributed primarily to the following revenue categories; Property & Local Option Sales Taxes, Public Utility, Alcohol & Other taxes, License & Permits, and Fines & Penalties revenues.

- Property Taxes are projected to increase and have exceeded budgeted amounts, which can be attributed to rising property values from market demands & new construction.
- Public Utility, Alcohol Beverage & Other Taxes are projected to increase due to uptick in Title Ad valorem Taxes (TAVT) from mounting auto sales pricing and Alcohol by the drink taxes from lessening of covid restrictions on restaurants.
- Local Option Sales Tax revenues are expected to continue to trend **upward** and be aided by the conversion from in-person shopping to online.
- License & Permits revenues are expected to exceed budgeted amounts due to PY business license revenues that were deferred as a result of a delay in the PY renewal process from the pandemic.
- Fines & Penalties revenue is estimated to exceed budgeted amounts due to increases in traffic & parking fine revenue from the resumption of parking citation enforcement and reopening of City Courts.
- Other Revenues & Indirect Cost revenues are expected to fall below budgeted amounts due to reductions in interest income as interest rates have trended towards zero for over a year. The decline in Indirect Cost and investment earnings are expected to offset some of the increases projected for property sales tax and business license revenues.

GENERAL FUND EXPENDITURE BUDGET PROJECTION

(Q2 2022)



FY2022 Total Expenses as of December represent 51% of the \$751.4M Funded Budget. Full Year Projections as of the Second Quarter indicate that Year-End Expenses will exceed the budget by **(\$18.7M)** or 2.5% over budget.

Personnel Services and Employee Benefits are projected to be over budget by **(\$13.6M)** primarily attributed to:

- Overtime **(\$7.5M)**
- Extra Help Regular & Sworn **(\$8.6M)**
- Group Health Insurance **(\$6.7M)**
- Salaries, Regular/Sworn & Part Time \$7M
- Worker's Comp \$2.4M

Purchased/Contracted Services is projected to be over budget by **(\$5.8M)** primarily attributed to Lease Agreements, Camera System Maintenance, Telecommunication and Litigations expenses.

Supplies are projected to be overbudget by **(\$2.2M)** primarily attributed to material cost for street repairs and paving, uniforms, as well as an increase in utility costs for the City's initiative to increase streetlight footprint in high crime areas.

Various **Debt Service** expenses are charged to **Other Financing Uses** but are budgeted under Debt Service. Budget realignment will be addressed in the FY2023 Budget.

| Major Category | FY22 Funded Budget | FY22 Actuals (Jul - Dec) | FY22 % Variance | FY22 Projections (Jan - Jun) | FY22 Year-End Projections | FY22 Year-End Variance | FY22 Year-End Variance |
|--|--------------------------|--------------------------------|-----------------------|------------------------------------|---------------------------------|------------------------------|------------------------------|
| Personnel Services and Employee Benefits | 466,343,226 | 235,509,631 | 51% | 244,384,623 | 479,894,254 | (13,551,028) | (2.9%) |
| Purchased / Contracted Services | 107,073,963 | 43,040,927 | 40% | 69,797,296 | 112,838,223 | (5,764,260) | (5.4%) |
| Supplies | 35,399,415 | 17,188,318 | 49% | 20,446,286 | 37,634,604 | (2,235,189) | (6.3%) |
| Capital Outlays | 7,138,543 | 1,412,768 | 20% | 5,543,920 | 6,956,688 | 181,855 | 2.5% |
| Interfund / Interdepartmental Charges | 20,054,336 | 8,530,066 | 43% | 9,145,552 | 17,675,618 | 2,378,718 | 11.9% |
| Other Costs | 44,201,630 | 20,465,723 | 46% | 21,923,081 | 42,388,805 | 1,812,825 | 4.1% |
| Debt Service | 28,700,737 | 6,881,791 | 24% | 5,676,661 | 12,558,452 | 16,142,285 | 56.2% |
| Conversion / Summary | 336,906 | 0 | 0% | 0 | 0 | 336,906 | 100.0% |
| Other Financing Uses | 42,183,787 | 48,257,950 | 114% | 11,894,779 | 60,152,729 | (17,968,942) | (42.6%) |
| Total Expenses | 751,432,543 | 381,287,175 | 51% | 388,812,198 | 770,099,373 | (18,666,830) | (2.5%) |

GENERAL FUND EXPENDITURE BUDGET PROJECTION

(Q2 2022)



| Department | FY22 Funded Budget | FY22 Actuals (Jul - Dec) | FY22 % Variance | FY22 Projections (Jan - Jun) | FY22 Year-End Projections | FY22 Year-End Variance | FY22 Year-End Variance |
|--|--------------------------|--------------------------------|-----------------------|------------------------------------|---------------------------------|------------------------------|------------------------------|
| City Council | 13,378,492 | 5,203,178 | 39% | 5,828,687 | 11,031,866 | 2,346,626 | 17.5% |
| Executive Offices | 18,476,719 | 7,907,503 | 43% | 11,254,204 | 19,161,707 | (684,988) | (3.7%) |
| Department of Atlanta Information Management | 30,783,479 | 14,966,783 | 49% | 18,858,731 | 33,825,514 | (3,042,035) | (9.9%) |
| Department Of Law | 7,012,740 | 4,638,536 | 66% | 5,550,964 | 10,189,500 | (3,176,760) | (45.3%) |
| Department Of Corrections | 13,950,111 | 7,031,480 | 50% | 8,268,702 | 15,300,183 | (1,350,072) | (9.7%) |
| Department Of Finance | 16,741,047 | 8,092,354 | 48% | 8,372,373 | 16,464,727 | 276,320 | 1.7% |
| Department Of Procurement | 3,109,583 | 1,299,293 | 42% | 1,624,906 | 2,924,199 | 185,384 | 6.0% |
| Dept of Parks & Recreation | 43,792,611 | 21,884,182 | 50% | 22,015,866 | 43,900,048 | (107,437) | (0.2%) |
| Judicial Agencies | 13,179,334 | 5,661,326 | 43% | 7,695,736 | 13,357,063 | (177,729) | (1.3%) |
| Non-Departmental | 114,367,360 | 67,138,368 | 59% | 48,108,899 | 115,247,266 | (879,906) | (0.8%) |
| Department Of Human Resources | 6,251,126 | 3,336,545 | 53% | 3,062,569 | 6,399,115 | (147,989) | (2.4%) |
| Department Of Fire Services | 104,371,848 | 53,053,863 | 51% | 52,338,503 | 105,392,366 | (1,020,518) | (1.0%) |
| Department Of Police Services | 231,334,324 | 110,411,045 | 48% | 128,566,732 | 238,977,778 | (7,643,454) | (3.3%) |
| Department of City Planning | 29,668,678 | 17,563,178 | 59% | 14,254,344 | 31,817,523 | (2,148,845) | (7.2%) |
| Department Of The Solicitor | 8,025,687 | 3,738,778 | 47% | 4,493,961 | 8,232,740 | (207,053) | (2.6%) |
| The Office of the Inspector General | 2,990,222 | 707,679 | 24% | 1,456,538 | 2,164,217 | 826,005 | 27.6% |
| Atlanta Citizens Review Board | 1,422,060 | 545,039 | 38% | 702,234 | 1,247,273 | 174,787 | 12.3% |
| Department Of Audit | 2,009,252 | 1,024,842 | 51% | 876,180 | 1,901,022 | 108,230 | 5.4% |
| Department Of Public Defender | 4,646,286 | 1,903,809 | 41% | 2,370,552 | 4,274,361 | 371,925 | 8.0% |
| Department Of Enterprise Asset Management | 21,611,624 | 7,286,971 | 34% | 14,244,485 | 21,531,455 | 80,169 | 0.4% |
| Department Of Customer Service | 3,531,948 | 1,391,437 | 39% | 1,759,594 | 3,151,031 | 380,917 | 10.8% |
| Atlanta Department of Transportation | 59,490,028 | 36,039,073 | 61% | 26,491,747 | 62,530,820 | (3,040,792) | (5.1%) |
| Department of Grants and Community Development | 1,287,984 | 461,910 | 36% | 615,688 | 1,077,599 | 210,385 | 16.3% |
| Total City Wide | 751,432,543 | 381,287,175 | 51% | 388,812,198 | 770,099,373 | (18,666,830) | (2.5%) |

Fiscal Year 2022 Total Expenses as of December represent 51% of the \$751.4M Funded Budget. However, Full Year Projections as of the Second Quarter indicate that Year-End Expenses will exceed the budget by **(\$18.7M)** or 2.5% over budget.

Police Services **(\$7.6M)**

- Group Health Insurance (\$4.5M)
- Overtime (\$2.2M)
- Extra Help Regular & Sworn (\$3.4M)
- Salaries Regular & Sworn \$1.1M
- Worker's Compensation \$1.1M

Law **(\$3.1M)**

- Litigation (\$3.3M)

AIM **(\$3M)**

- Telephone & Wireless (\$3.2M)

ADOT **(\$3M)**

- Salaries, Regular (\$1.1M)
- Overtime (\$0.8M)
- Building Materials (\$0.9M)

City Planning **(\$2.1M)**

- Salaries, Regular (\$1.8M)



PROPRIETARY FUNDS OVERVIEW

FY2022 ENTERPRISE FUND PROJECTION

(Q2 2022)



| Enterprise Funds | FY22 Funded Budget | Actuals Y-T-D (Dec) | Projected Revenues/Expenses | Total Projected Revenues/Expenses | Variance (\$) | Variance (%) |
|--|-----------------------|------------------------|--------------------------------|--------------------------------------|------------------|-----------------|
| Aviation Revenue Fund | | | | | | |
| Revenues | 453,108,983 | 202,020,223 | 251,088,760 | 453,108,983 | 0 | 0.0% |
| Expenses | 453,108,983 | 146,664,836 | 288,249,777 | 434,914,613 | 18,194,370 | 4.0% |
| Water & Wastewater Revenue Fund | | | | | | |
| Revenues | 577,255,955 | 317,850,744 | 297,042,375 | 614,893,118 | 37,637,163 | 6.5% |
| Expenses | 577,255,955 | 284,959,206 | 215,382,351 | 500,341,557 | 76,914,398 | 13.3% |
| Solid Waste Services Fund | | | | | | |
| Revenues | 66,905,286 | 37,447,002 | 30,750,865 | 68,197,867 | 1,292,581 | 1.9% |
| Expenses | 66,905,286 | 32,429,948 | 42,588,904 | 75,018,852 | (8,113,566) | (12.1%) |

Aviation Revenue Fund

- **Revenues** are projected to be on par with budget.
- **Expenses** are projected to be under budget by \$18.2M
 - \$ 10.2M Contractual Services
 - \$ 6.2M Personnel Services
 - \$ 1.9M Utilities

Water & Wastewater Revenue Fund

- **Revenues** are projected to exceed budget due to higher than anticipated MOST revenue.
- **Expenses** are projected to be under budget by \$77M
 - \$ 18.5M Bad Debt Reserves
 - \$ 19.7M GEFA Loan Reserves
 - \$ 16.2M Contractual Services
 - \$ 11.5M Fund Wide Reserves
 - \$ 6.9M Other Financing Uses
 - \$ 4.2M Supplies/Interfund Charges

Solid Waste Services Revenue Fund

- **Revenues** are projected to exceed budget by \$1.3M.
- **Expenses** are projected to be over budget by \$8.1M
 - (\$12.9M) Contractual Services
 - (\$ 0.4M) Supplies/Other Costs
 - \$ 3.3M Personnel Services
 - \$ 1.8M Interfund Charges

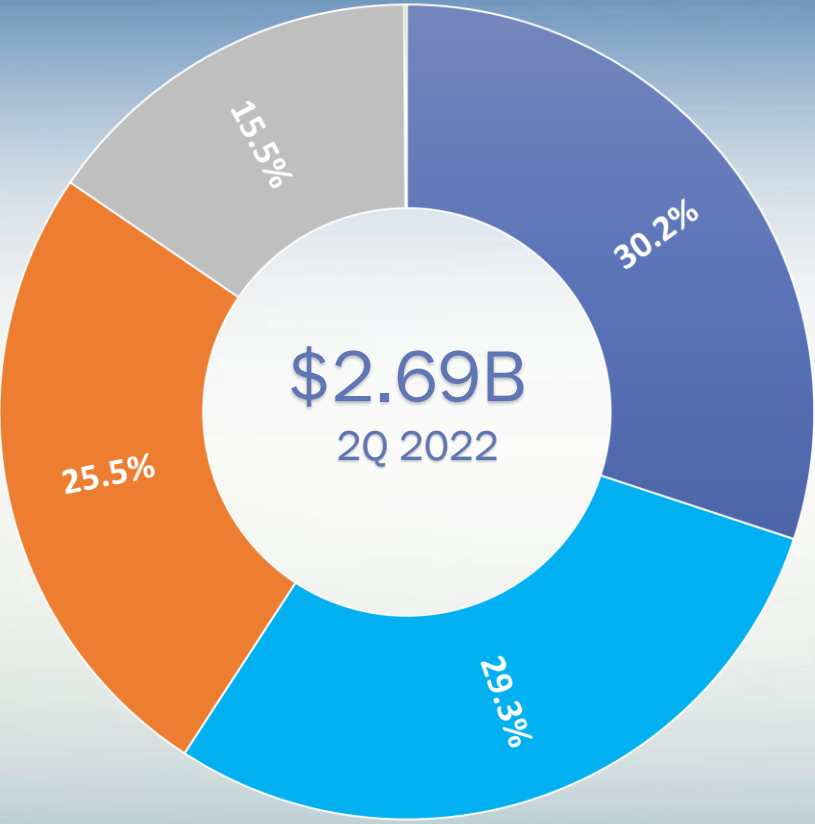


DEBT/INVESTMENT PORTFOLIOS

INVESTMENT PORTFOLIO OVERVIEW

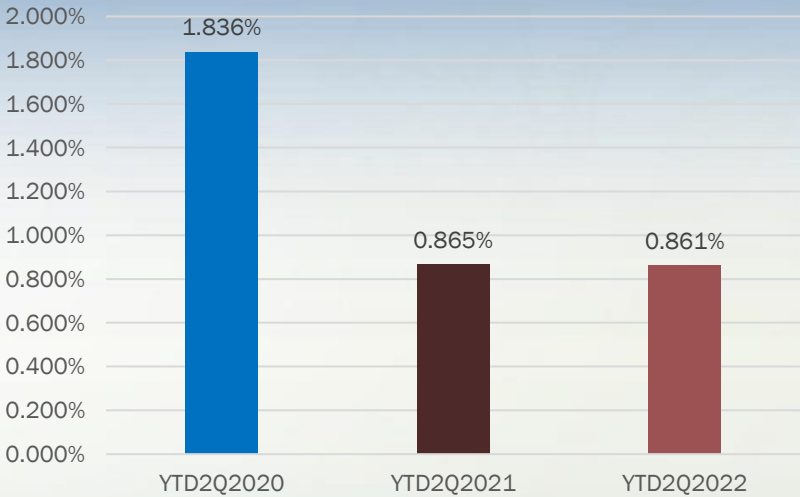


Portfolio Objectives



■ US Agencies ■ Muni's ■ GF1 ■ US Treasuries ■ CD's Currency*

Portfolio Yield



Net increase
\$135.4 M
Compared to 2Q 2021



Debt Portfolio Overview



- General Obligation
- General Fund
- Tax Allocation Districts
- Aviation
- Water & Wasterwater

| | General Obligation | General Fund & Other | Tax Allocation Districts | Dept of Aviation | Dept of Watershed |
|---------|--------------------|----------------------|--------------------------|------------------|-------------------|
| Q2 FY21 | \$244,195 | \$345,535 | \$302,580 | \$2,645,524 | \$3,043,071 |
| Q2 FY22 | \$243,950 | \$319,524 | \$268,898 | \$2,459,171 | \$2,940,609 |
| | (\$245) | (\$26,011) | (\$33,682) | (\$186,353) | (\$102,462) |
| | (0.10%) | (7.53%) | (11.13%) | (7.04%) | (3.37%) |

Net Decrease
\$348.8M
Outstanding Debt

0%
Variable Rate
Debt

\$136.1M
Total NPV Savings
On Refunded Debt
during FY22

\$133.4M
Energy Savings
Performance
Contracts



Atlanta Credit Ratings



| CITY OF ATLANTA MUNICIPAL BOND RATINGS | | | |
|--|---------|-------------------|-------|
| | Moody's | Standard & Poor's | Fitch |
| General Obligation Bonds | Aa1 | AA+ | AA+ |
| Water and Wastewater Revenue Bonds | Aa2 | AA- | AA |
| Airport Revenue Bonds - Senior Lien GARBs | Aa3 | A+ | AA- |
| Airport Revenue Bonds- PFC/Subordinate Lien GARBs | Aa3 | A+ | AA- |
| Airport Revenue Bonds Senior Lien Customer Facility Charge | A2 | BBB+ | A |



QUESTIONS/ANSWERS SESSION